1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

made by Persians in the Holy Cities. Rifles with Russian-made barrels were made in an old-established factory at Sulaymaniya and thence distributed over all Kurdistan. Tanning and leather-work were practised in the suburbs of Baghdad; but the products—shoes, belts, and saddles—were of low quality. The local river-craft, of primeval design, were fashioned crudely from imported wood and Euphrates bitumen, and use was made in lower 'Iraq of the lashed poles of the skin-supported *kelleks* which were drifted downstream from Mosul and Diyarbakr. Beds and baskets were made from the date frond, mats from the marsh reeds. These, with some soap-making and the Jewish industries of 'araq distillation and the fabrication of forged antiquities, complete the meagre list.

The 'Iraqi-Persian transit trade, a main economic factor, has been elsewhere mentioned (p. 13). To it as an 'invisible export' should be added the proceeds of the great Shi'i pilgrimages—life-blood of the Holy Cities—and those of Sunnis to the shrine of 'Abd al-Qadir al-Gaylani; and, with these, the money spent in 'Iraq by travellers and archaeologists, missions, and foreign consuls.

Apart from export and transit operations, the trade of the territory consisted of the import of those needed commodities which the country could not itself supply. The imports, except for some part brought overland from Syria, Najd, or Anatolia, all passed through Baṣra and were distributed from Baghdad, the unquestioned commercial capital. Cotton cloth, handled by Jewish and British firms, formed three-quarters of the whole. Most of this came from Manchester, a little from India, some silken and woollen goods from France and Austria. Coal reached 'Iraq from Wales, coffee from Brazil and the Yaman, gunny-bags and indigo from India, kerosene from the United States, sugar from Egypt, France, and Austria, wood and tea, yarns and spices from India, date-box wood from Austria, tobacco from Persia. Such, with lesser quantities of paper, hardware, zinc sheets, colours, candles, and fezes, were the imports which were distributed to the limits of the rural and urban population by way of merchant's warehouse, vaulted or mat-covered bazaar, village shop and wandering pedlar.

The currency of the three wilayas was that of the copper qirsh (piastre), the silver majidiya, and the gold lira of the time, a stable coinage adequate to all needs. The intrusion of the Indian rupee in Baṣra and of Persian coins in the middle Tigris towns and Kurdistan was of little inconvenience in an age of steady exchange rates, no restrictions, and no paper-money. A multitude of local weights and measures varied capriciously from district to district. Banking was represented by the Imperial Ottoman Bank, and by the shrewd operations of many local *ṣarrafs*.

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

563 battalion, and to the men's return to the sluggish pauperization of Ba'quba.

871 The Education branch, founded and first inspired by Major H. E. Bowman, was faced with the problem of providing schooling for the youth of 'Iraq in the absence of funds, buildings, books, equipment or teachers in a tithe of sufficient quantities. At a pace always disappointing, but the fastest financially or functionally practicable, primary schools aiming at fair standards were opened to a total of seventy-five by the end of 1919. Fifty-six of these taught in Arabic, eleven in Turkish, seven in Kurdish, one in Persian. The new-founded Teachers' Training College could supply but a part of their urgent needs, and the scale of secondary classes, confined to the three principal cities, was regrettably humble; nor was the country-wide penetration of 'politics' into the schools, thus early, less to be deplored. Means were found to reopen the Law School, and a commercial and a technical school. The many privately-conducted Mullās' schools, archaic in method, scope, and equipment, continued to produce a bare literacy in their thousands of pupils; but the temptation to multiply inferior Government schools was resisted, and the teaching of English almost wholly withheld in spite of a general clamour for it. Upon the desirability of girls' schools, Muslim opinion was at first divided; five, all primary, had been opened by the first weeks of 1920. The schools of the local Christian and Jewish minorities and those of the foreign missions were fostered by support and subsidy; some of these were of high standard. Some archaeological work was carried out by R. Campbell Thompson at Abu Shahrayn (Eridu) in the spring of 1918, and more under H. R. Hall at Ur and elsewhere in 1919.

204 Printing-presses were operating at Najf in 1918, at Sulaymaniya in 1919, and in Baṣra, Baghdad, and Mosul from the occupation of these places. Newspapers in English were published at Baghdad and Baṣra, in Arabic at those cities and Mosul, in Turkish at Kirkuk, in Kurdish at Sulaymaniya.

439 The great increase of goods entering 'Iraq in 1918–19 taxed the young Customs administration of C. R. Watkins and Major A. G. H. Sievwright to the utmost. It was due to cessation of imports into north Persia from Russia, to the increase of 'Iraq's own spending power, and to the general depletion of stocks by war interruption. The Indian rupee, now the universal currency of 'Iraq, supplied an adequate medium; and the rising volume of civilian traffic could be handled easily by the now fully developed Port of Baṣra, which as such came into existence under Colonel J. C. Ward in the autumn of 1919 and was soon afterwards transferred to the Civil Administration. The Railways, when at their greatest

● [436]
[504]
000

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

Acting Adviser, and thereafter by E. G. Hogg, from the Sudan, in 1931. Hedgcock and the present writer left the Ministry in 1930 and 1931. Provision for Capital Works under a five-year plan was separated from the current budget, and a main part of the oil revenues, which first accrued in 1932, was allotted to this object. An Economic Advisory Board was set up. Chambers of Commerce were founded in Baghdad and Basra. A second advisory visit by Hilton Young, the 'Iraqis' financial consultant of 1925, was paid in 1930, and other foreign experts—notably A. Sainsbury, expert in income tax—assisted in the institution of new taxation and the fixing of civil service establishments. Income tax in modern form was first imposed in 1928, but proved relatively unproductive; in effect it was paid mainly by officials and foreign companies. A major change in the taxation of agricultural produce was made in 1931, based on a new system of tax collection at markets—the 'place of consumption' method—without the need to assess or measure the growing crops. A financial Inspectorate was introduced. Efforts both resolute and skilful were made in 1927 to free 'Iraq from the burden of its share of the Ottoman Debt, of which £ (Turkish) 7 million had fallen to its share, with a further £T2,500,000 of accumulated interest. The Minister of Finance arranged to buy Ottoman Debt securities in the open market and, after handing these to the Debt authority to an extent of £1,228,000 sterling, could arrange to pay off the small remainder by instalments. Thus, at the cost of finding funds from current revenue for debt extinction, the State could enter the League happily unencumbered.

The proposed foundation of a National Bank, often discussed, was still postponed. The Indian rupee currency, which had served 'Iraq well for fifteen years, was superseded early in 1932 by an 'Iraqi currency employing the dinar (equivalent to a pound sterling), divided into a thousand fils. Currency resources and the note issue were supervised by a Board in London, and rested on a basis of sterling assets. The confident reception of the new currency was the more gratifying as 'Iraq suffered not only temporarily from a number of 'slump' bankruptcies, but chronically from an adverse trade balance. A wide visible gap existed between the value of its exports and that of its unavoidable imports of fuel, manufactured articles, and some foods. The invisible exports which were assumed to fill the gap were the expenditure by the British forces, diplomatic and archaeological missions, charities and foreign schools, pilgrims, tourists and foreign companies, and the profits of the Persian transit trade. The progressive slackening of the last mentioned, in spite of lowered transit dues, was a serious feature of the times. Persian restrictions, Russian competition, the diversion of

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

equivalent to first 15, later 25, and finally 35 per cent. of the Japanese imports. Russian competition, begun with formidable impetus in 1933, did not persist.

The transit trade with Persia, which by all indications had been under sentence of disappearance, survived though with a gradual loss of volume. It was aided by central and northern Persia's import of oil products, and by a small intake from the Levant across 'Iraq. Persian attempts to divert traffic from 'Iraqi routes, however, continued, and Muḥammara (now Khoramshahr) began to replace Baghdad as the financial centre of the trade.

The banking and financial background of internal business varied little, though an intention of closer Government control was shown by the law restricting certain occupations to 'Iraqis, by insistence on security deposits from foreign insurance companies, by the expressed willingness of Government to participate directly in industry and, early in 1938, by a law for the control of banking. The currency was well maintained on its sterling parity, the Board in London contributing an annual profit to the 'Iraq Treasury. The handling, transport, and distribution of merchandise was in some degree modernized; shops and hotels of European pattern multiplied, not in Baghdad alone, with Jews and Christians still prominent in these activities. Features of the period, which helped to bridge the 'Iraq of the 'twenties to that of the mid-century, were the beginnings of new suburbs, the modern villas, the many private cars, and the rudimentary bus services of the principal cities. They served a public in which the townsmen had in hundreds renounced Arab dress for European, had often doffed the characteristic 'Iraqi *sidara* in favour of a hat or bare head, and could walk out with ladies among whom the veil was no longer universal.

Local industry advanced but slowly. To the enterprises mentioned on earlier pages (p. 210) the years from 1932 to 1937 had little to add. One or two of the small textile factories were enlarged with German machinery and Czech operators; more small cigarette factories and more mechanized brick kilns were established, one-room ice and soda factories multiplied, a third cotton ginnery was planned for the Kut area, and enterprises for the making of confectionery and matches came into humble existence. Yasin Pasha's cement project, in spite of a visit by German experts, failed to materialize, and another cement scheme, in which an English promoter was active, inspired no confidence.

In oil development, on the other hand, these years were highly significant. The 'Iraq Petroleum and the B.O.D. Companies (p. 211) made annual dead-rent payments to a combined total of more than half a million pounds yearly until 1935, and thereafter the I.P.C. royalties alone doubled this amount. After a ceremonial

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

channels of international trade were under frequent exploration at 'Iraqi or foreign initiative; during 1945–50 approaches were made by Italian, Yugoslav, Czech, Spanish, Pakistani, and Japanese governmental or commercial bodies. The Persian transit trade by way of Khaniqin persisted, but on no scale comparable with that of a generation earlier and with small hope of increase; and both Persia and Turkey used routes through 'Iraq for the export of small quantities of their goods. The general aspect of 'Iraq's foreign trade was thus, at the end of 1950, on a scale which must seem paradoxically humble in quantity and value for the country's size and potentialities. It reflected the continuing precariousness and backwardness of its agriculture, the slightness of its industry, and the lack of marketable natural resources other than oil. But the new age of accelerated development which could be expected to date from 1951 would not, it was certain, fail to affect and increase both its production and its absorptive power.

Foreign and 'Iraqi Banks, and the *ṣarrafs*, whose numbers the exodus of Jews had diminished, offered the normal services to trade in the provision of credit and discounting of bills. Insurance facilities were given by branches or agents of many British companies, and an all-'Iraqi Insurance Company was in 1950 a project designed on patriotic lines to 'diminish economic dependence' on the world abroad. The currency issued and managed by the National Bank since July 1949 remained that of the 'Iraqi dinar based on sterling, to which bloc the country belonged—but not without a movement or outcry, favoured by some economists and patriots, to secede from it.

Agriculture must remain ever the country's chief resource, and was still the life's occupation of more than two-thirds of its people. Previous pages have referred to the essential problems of 'Iraqi farming and shown that, for all the efforts of a small department to solve them, little had so far been done to modify the country-wide ancient practices, ignorances, deficiencies, and dangers. But there were, by the mid-century, many hopeful signs. The problems were understood; the social as well as the economic importance of a prosperous countryside, and its connexion with security and with politics, were appreciated. Modern agriculture had attracted the interest and efforts of a part of the educated and capital-owning public; there were even those who preferred it to politics! Tribal shaykhs as well as town-dwelling landowners were found, here and there, to be mechanizing their holdings, abandoning ancient methods and, partnered with scientists, eagerly experimenting. New crop varieties were under trial, the power and range of pumping installations had multiplied, mechanization was diminishing dependence on the indifferent labour of crop-sharing peasants.

6:Ireland S-5 (no date)1937 MHI Iraq MHI

175* 727* 434 The introduction of Indian currency followed naturally on the coming of the Expeditionary Force, whose needs were paid for in rupees. A proclamation forbade the use of depreciated Turkish paper money[1], and the inadequate supply of small Turkish coins was driven from the bazaars. Turkish gold *liras*, however, continued to circulate, but their import and export were regulated.

Establishment of a Judicial System

175* 727* 671 For the administration of civil and criminal justice, a special code, known as the 'Iraq Occupied Territories Code,[2] was created largely from laws in force in India.[3] The Code, promulgated August 1st, 1915, from which time the legal system of the Occupied Territories may be said to date,[4] established courts for the enforcement of civil rights by legal action, hitherto in abeyance, and criminal courts to supplement the military courts. These courts, functioning under the authority of the General Officer Commanding, were supervised by Lieut.-Colonel S. G. Knox, Senior Judicial Officer, and by Captain C. F. Mackenzie, Junior Judicial Officer, both of whom were members of the Indian Political Department.

Among the reasons put forward for the substitution of the Anglo-Indian Judicial system for that of the Turkish system, were the impossibility of reproducing within a limited time the hierarchy of courts culminating in the Court of Cassation at Constantinople, the inability to find judges and officials familiar with the Turkish system, as well as other reasons already given

[1] *Proclamations, notices, etc., relating to the Civil Admin. . . . issued between December 22, 1916, and July 1st, 1918* (Baghdad, 1918), Proc. No. 1, December 22nd, 1916.

[2] *'Iraq Occupied Territories Code*, 1915 (Bombay, 1915). Also six supplements to December 31st, 1918 (hereafter *'I.O.T. Code*).

[3] A preliminary schedule of thirty-four Indian Acts to be applied in the Occupied Territories was annexed to the Code.

[4] Arrangements to reconstitute the courts had begun shortly after the appointment of the Senior Judicial Officer, April 7, 1915.

1-[British Expeditionary Force in 1915-Analyst]

3:Royal Institute of International Affairs U-4 (no date)1954 M1 Middle East
Iraq MH1

acumen has nevertheless been lost and although the situation has been partly restored, business is still less active than formerly. 453

Banking deposits in December of 1938, 1946, and subsequent years have been as follows (ID):

Year	Current Accounts	Fixed Deposits	Savings Deposits	Total
1938	1,231,130	614,928	387,447	2,233,505
1946	13,613,737	3,414,557	2,965,756	19,994,050
1947	12,543,308	2,799,008	2,719,224	18,061,541
1948	12,253,822	1,421,109*	2,302,416	15,977,347
1949	12,271,965	1,322,216	2,389,604	15,983,785
1950	12,994,226	795,361	1,980,305	15,769,892

* From 1948 onwards the fixed deposit item excludes previously included Government accounts.

(SOURCE: Reports of National Bank of Iraq, 1947–50, p. 32.)

Currency. The currency of Iraq is based on sterling and its unit, the Iraqi dinar (ID), is equivalent to £1 sterling and is divided into 1,000 fils (singular also 'fils'). This currency replaced in 1932 the Indian currency which had been maintained under the Mandate, and was issued and administered by an Iraq Currency Board, sitting in London, until 1 July 1949, when the National Bank of Iraq took over the functions of the Board and put its own notes into circulation. 436

The circulation of currency, which in August 1939 stood at ID4,700,000, increased during the war to ID42,100,000 in September 1946. It has since, with some fluctuation, declined and in October 1952 was ID36 million.

Public Finance

Immediately before the Second World War the total state revenues amounted to some 7–8 million dinars. During and after the war there was a steep rise in expenditure: in 1942–3 the expenditure had increased to ID11·6 million, in 1947–8 to ID26·6 million, and in 1948–9, the year of the Palestine conflict, to ID32 million, after which it has declined slightly. Loans were raised to meet the consequent deficit, which a considerable increase in taxes and duties were insufficient to prevent and which in 1948–9 had risen to ID5·3 million. A contributory factor was the closure of the Haifa oil pipeline in that year; but in 1949 and 1950 the construction of a new pipeline to Tripoli more than made up the loss. In 1950–1, with increased revenue and a drop in expenditure, the budget showed a surplus for the first time in seven years, amounting to ID5·4 million. The expansion of oil revenues has been maintained by 651 652

67: United Nations S-5 (1945-1954) 1955 MI Middle East
IRAQ MHI

Chapter 4

IRAQ

Developments to the End of the Second World War

433 At the end of the First World War, when Iraq was constituted as a State, 312 very little had been done to develop its economy. An over-all irrigation 315 programme had been drawn up, and the Hindiyah barrage had been built on the Euphrates and work begun on the Habbaniyah escape channel, but the outbreak of war had interrupted progress. The war had also prevented the exploitation of oil deposits by the Turkish Petroleum Company, formed in 1914. In the nineteen twenties, development was started. The digging of canals, the building of minor [496] works and the installation of irrigation pumps resulted in a substantial increase in cultivation, and there was also a slight improvement in farming methods. Railways were extended and other means of transport improved.

436 Further steps were taken in the nineteen thirties. In 1932, instead of the 312 rupee, the Iraqi dinar became the unit of currency. The Kut barrage, on the 433 Tigris, and various canals, regulator dams and minor projects were completed. 652 The establishment of a few cotton gins, textile plants and other factories 423 producing consumer goods marked the beginning of modern industry. A government-owned Agricultural and Industrial Bank was set up. A land settlement law was passed in 1932 and amended in 1938, and work on land settlement began in 1933.

471 Of more importance to the Iraqi economy was the development of the petroleum 382 industry. In 1925, the Iraqi Petroleum Company, a successor to the Turkish 315 Petroleum Company, was granted a concession, and in 1927 the Kirkuk oilfield was 651 discovered. By 1934, that field had been brought into production, and two 652 pipelines, with an annual capacity of 2.2 million tons each, had been laid to the Mediterranean coast; these developments required an investment of $62 million. Exports of oil began that year. The royalties and other revenues from petroleum accruing to the Government greatly increased its receipts and made it possible to augment expenditure on economic and social development.

433 During the Second World War Allied troops stationed in Iraq spent large sums on local purchases; from 1941 to 1944 inclusive, these expenditures totalled £64 million. There was a corresponding increase in national income, expressed in monetary terms, and prices rose considerably, the wholesale price index reaching a peak of 590 in 1943 (December 1938 to August 1939 = 100) and standing at 503 in 1945. This addition to national income and rise in prices stimulated agriculture; the area under cultivation was considerably extended, by irrigation and greater use of farm machinery, and although yields declined, total output increased somewhat. The greater part of the Allied expenditures was saved, in the form of sterling balances, which, in July 1947, amounted to £57.9 million. 1/

1/ National Bank of Iraq, Annual Report, July 1949-December 1950 (Baghdad, 1951).

35: Hooper and Field 8-6 (1934) 1937 MAI Iran MAI
Iraq MHI

I-I
278
925

to be petrified fruits; the name they bear in Delhi, Pathar-ka-ber, signifies the fruits or stones of the jujube tree. The stones are oval, pointed at both ends, 3.5 cm. long and 2 cm. in diameter. They contain 95 per cent of calcium carbonate. These stones are sold all over northern India, Iran, Syria, and Palestine. They are said to be useful for healing wounds, and, internally, for flatulence and diarrhea.

Cypraea moneta L. (Gastropoda)

صدف

Sadaf, Wuda (Ar.); Khar mahra (Pers.); Cowri, Sipi (Hind.); cowrie shells.

Field 269A.

These well-known porcelaneous shells from the Mediterranean and Persian Gulf are used throughout the East for making ornaments, and at one time were a means of barter or medium of exchange. They consist chiefly of calcium carbonate, and in medicine are used as an antacid, alterative, and expectorant. The shells also serve as charms against the Evil Eye for babies, horses, and machines (H. F.).

[321]
[301]
[436]

Larinus maculatus Fald. (Coleoptera)

Yielding Tréhala manna; described under the name of the host-plant, *Echinops persicus*.

Bee's wax (Hymenoptera, Apoidea)

موم

Mūm (Teh.); Moma (Hind.); Cera alba; white wax.

Field 216, 260.

White wax is sold in the shops and used for plasters and ointments.

"Camphor candle" (Mūm-i-kāfūri) is a specimen of a crudely made wax candle in the composition of which camphor has been incorporated to diffuse a pleasant odor when burning.

Bombyx fortunatus Hutton (Lepidoptera)

پیله ابریشم

Abrisham, Pīlāh abrisham (Teh.); Pileh, cocoon; Resham, silk; Pat (Beng.); Resham-ki-keri (Duk.); cocoons of the silk moth.

W.H.M.M. 150821.

The cocoons of the silk moth or silk worm are said to be styptic and tonic, and are generally administered with other astringents.